

STATE OF SOUTH CAROLINA	)	February 16, 1971
	)	
COUNTY OF RICHLAND	)	BEFORE THE PUBLIC SERVICE
	)	COMMISSION
IN RE: Application by General Telephone	)	
Company of the Southeast and Pee Dee	)	ORDER NO. 15,533
Telephone Company, Inc. for adjustment	)	
in rates for intra-state telephone service	)	DOCKET NO. 15,253 & 15,254
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The General Telephone Company of the Southeast (General) filed with the South Carolina Public Service Commission (Commission) on July 30, 1970, an application for an overall increase in rates and charges to become effective September 1, 1970. The Commission after reviewing the application issued its Order No. 15,344 dated August 24, 1970, suspending the effective date until March 1, 1971. Hearings were held on December 1st and 2nd at which time the Commission received testimony and exhibits from General to support its application and evidence from persons appearing in opposition to such application.

General, both in its application and testimony, departed from the method heretofore used to determine rate of return by advancing the theory that a portion of its operation previously considered by this Commission to be a part of its intra-state operation should be separated and treated as interstate and the excluded portion not be considered in the rate case. The principal reasons given by General to support this position was its recently acquired ability to separate cost revenues and expenses and that this Commission's jurisdiction did not embrace interstate operations. On a separated basis General's interstate operation produced a rate of return of 8.6% as compared to its intrastate operation rate of return of 6.8%. The total operation of General on a combined basis produced a rate of return of 7.26%.

From the testimony and evidence introduced at the hearing, the Commission finds and concludes as follows:

#### FINDINGS

1. That General is authorized to do and is doing a general telephone and communications business within the State of South Carolina operating some 28 exchanges throughout the State.
2. That General's present rates produce a 7.26% rate of return on average rate base on a combined basis.
3. That General's proposed rates produce a rate of return of 8.6% on its average rate base devoted to South Carolina intrastate operations on a separated basis.
4. That this Commission did on February 10, 1970, permit General increased rates and charges effective March 1, 1970, to produce a rate of return of 7.25% on average rate base on a combined basis. See Commission Order No. 15,075 dated February 10, 1970.
5. That there has been no physical changes in the operation of General in South Carolina so as to require a departure from determining rate of return on average rate base on a combined basis.

#### CONCLUSIONS

From all of the evidence and its findings, the Commission is of the opinion and concludes that the method asserted by General that its rate of return should be considered after separating certain portions of its operation allocated to interstate operation is without merit and therefore denied. It thus follows that the Commission must now consider if General's rates are adequate on a combined basis. General's rates now produce a rate of return on an average rate base of 7.26% on a combined basis. This rate of return compares favorably

with the rate of return of 7.25% permitted by the Commission on March 1, 1970, and which had been in effect only a short period of time when General filed its present application. It appears to the Commission that the present rates are adequate and the application of General should be denied.

The application of the Pee Dee Telephone Company was heard at the same time General presented its evidence. Much of the testimony was identical as was the change of method in determining rate of return. The Commission has considered Pee Dee's application in connection with General's and concludes that the present rates charged by Pee Dee are adequate and its application should be denied.

Accordingly, IT IS ORDERED, ADJUDGED AND DECREED that the application for General and Pee Dee are denied.

BY ORDER OF THE COMMISSION

Luedell L. Fuller, Jr.  
Chairman

ATTEST:

J. M. Partridge  
Director of Administration